

HB 4959 (Wine Shipment Ban)
House Regulatory Reform Committee
Testimony of Michael Brenton, Greater Lansing Vintners Club
June 28, 2005

- Mr. Chairman and members of the committee, my name is Michael Brenton, and while by profession I am an attorney, my avocation is wine. To that end, I am pleased to serve at the President of the Greater Lansing Vintners Club, an organization of approximately 800 local members that supports the rights of adults to obtain and appreciate wine.
- Members of our organization oppose **HB 4959**, a bill to ban all wine shipments in the state. Adult consumers have been able to legally receive the direct shipment of wine from in-state wineries for over thirty years, and all without incident.
- You are all aware of the U.S. Supreme Court decision which invalidated our state's wine-shipping regulations because we discriminated against out-of-state wineries. In the coming weeks we will receive an order from the U.S. District Court to establish distribution regulations that are non-discriminatory and consistent with the Supreme Court's ruling. To my knowledge this order has not yet been received, and we feel it is premature to vote on something as drastic as a total shipment ban at this time.
- The primary argument of the wholesalers and their front group – which is that a shipping ban is necessary in order to protect against access by minors – was exhaustively argued in the federal litigation and rejected by the U.S. Supreme Court. In fact, the Court's opinion cites an FTC study in which the 26 states currently allowing direct shipment report no problems with minors' access to wine.
- Also, the Supreme Court specifically mentions the fact that Michigan allows over 7,000 licensed retailers to deliver alcohol directly to consumers, so why should we discriminate against local wineries who wish to continue this same practice? I submit there is no sound answer.
- Arguments have been made that it is necessary to ban shipment of wine in order to protect the three tier system. This was also rejected by the Supreme Court when it said "The States argue that any decision invalidating their direct shipment laws would call into question the constitutionality of the three-tier system. This does not follow from our holding."
- Arguments have also been made that shipping must be banned for reasons of tax collection. This argument was addressed by the Supreme Court as well, "With regard to Michigan, however, the tax collection argument is a diversion. That is because Michigan, unlike many other States, does not rely on wholesalers to collect taxes on wine imported from out-of-state. Instead, Michigan collects taxes directly from out-of-state wineries on all wine shipped to in-state wholesalers."
- In short, virtually every argument being set forth in favor of a ban on shipping has been exhaustively argued to the Supreme Court, and soundly rejected by the Supreme Court. Proponents of this bill are asking legislators to accept arguments which the Supreme Court of the United States has specifically found to be not credible. We are asking that the House not be misled.
- In closing, on behalf of the 800 members of the Greater Lansing Vintners Club, we oppose **HB 4959** and we urge you to vote "NO" on this bill.
- Thank you for your time. I would be happy to take any questions that you might have.